



MONTANA  
TELECOMMUNICATIONS  
ASSOCIATION

November 6, 2002

**EX PARTE Filing**

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW, Room TW B204  
Washington, D.C. 20554

RE: CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 98-170.

Dear Ms. Dortch,

On October 28-30, 3 Rivers Communications of Fairfield, Montana, hosted a staff delegation from the FCC on a tour of 3 Rivers' service territory. FCC staff included Mr. Matt Brill, Senior Legal Advisor to Commissioner Abernathy; Dan Gonzalez, Senior Legal Advisor to Commissioner Martin; Emily Willeford, Special Assistant to Commissioner Martin; and Narda Jones, of the Wireline Competition Bureau.

In addition to executives from 3 Rivers Communications, industry representatives from Blackfoot Communications, VisionNet, Triangle Telephone Cooperative, InterBel Telephone Cooperative, Northern Telephone Cooperative and the Montana Telecommunications Association (MTA) participated in portions of the delegation tour.

Rural telecommunications executives discussed issues involving the preservation and advancement of universal service, deployment of telecommunications assets in Montana and contributions mechanisms for continued funding of universal service support. In particular, rural telco executives emphasized the importance of maintaining high cost universal service support. Such support is essential to the ability of these rural telcos to invest in their networks and to provide comparable service to their customers at comparable rates. As for proposals to reform contribution mechanisms for funding universal service, the industry representatives indicated support for broadening the base for contributions to universal service; preserving a revenues-based mechanism to the maximum possible extent; and holding down end-user charges as much as possible.

Executives noted their concern about the dramatic growth of the high cost fund caused by competitive ETCs (CETCs), which reap financial windfalls by drawing support at the incumbents' level regardless of the quality of service

provided or cost relevant costs associated with CETC's network. MTA and others support efforts to ensure that universal service support is actually used only for the provision of universal service, and not used for arbitrage profits of the CETC.

Telco representatives also noted concern about the continual regulatory trend which results in constantly increasing end-user charges with little or no corresponding benefit to rural end-users. These charges continue to mount for rural customers who least can afford them, while the purported benefits of such regulatory rate rebalancing do not seem to reach these same rural customers who bear the brunt of the price increases.

Finally, rural telco executives pointed out that interexchange carriers increasingly are refusing to pay access charges for terminating and originating traffic from competitive local exchange carries (CLECs). Such anticompetitive behavior is threatening the viability of these CLECs and diminishing already-risky opportunity for competitive entry in certain markets.

This *ex parte* is filed in behalf of the Montana telecommunications carriers who participated in this delegation visit to Montana by FCC staff.

Respectfully,

/s/ Geoffrey A. Feiss

Geoffrey A. Feiss  
General Manager